

BALL JANIK LLP

A T T O R N E Y S

1455 F STREET, NW, SUITE 225
WASHINGTON, D.C. 20005

www.balljanik.com

TELEPHONE 202-638-3307
FACSIMILE 202-783-6947

KARL MORELL

kmorell@dc.bjllp.com

March 29, 2011

E-File

ENTERED
Office of Proceedings

MAR 29 2011

Part of
Public Record

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423-0001

Re: STB Finance Docket No. 35410, Adrian & Blissfield Rail Road
Company – Continuance in Control Exemption – Jackson &
Lansing Railroad Company 229054

STB Finance Docket No. 35411, Jackson & Lansing Railroad
Company – Lease and Operation Exemption – Norfolk Southern
Railway Company 229055

STB Finance Docket No. 35418, Jackson & Lansing Railroad
Company – Trackage Rights Exemption – Norfolk Southern
Railway Company 229056

Dear Ms. Brown:

Adrian & Blissfield Rail Road Company ("ADBF") and Jackson & Lansing Railroad Company ("JAIL") hereby respond to the letter filed by Yreka Western Railroad Company ("YW") with the Surface Transportation Board ("Board") on March 23, 2011, requesting leave to withdraw its withdrawal letter filed on February 17, 2011.

On February 10, 2011, YW filed comments in these proceedings making false accusations about ADBF and JAIL. In its Reply filed February 25, 2011, ADBF and JAIL attempted to set the record straight both by accurately explaining the business dealings between Mr. Hammond, president of YW, and the ADBF railroads and exposing Mr. Hammond's corrupt motive in filing the YW comments. As previously

March 29, 2011

Page 2

explained by Mr. Dobronski, president of ADBT and JAIL, Mr. Hammond offered to withdraw the YW comments if Mr. Dobronski would agree to reducing the amount Mr. Hammond owed to ADBF and affiliated companies. After Mr. Dobronski refused to be blackmailed, YW quickly withdrew its comments in two of the three proceedings without correcting any of the false and defamatory comments.

After having submitted false information with the Board and defaming ADBF and JAIL, YW has the audacity to cite to the Board's Canons of Ethics. Counsel for YW cites to provisions governing the treatment of witnesses and other litigants. But YW has no witnesses presumably because YW could not find an individual willing to perjure himself. In any event, the Board's Canons of Ethics do not require an individual falsely and maliciously attacked to turn the other cheek. Indeed, it is the obligation of counsel for ADBF and JAIL, both to his clients and the Board, to bring these false and malicious allegations to the attention of the Board.

While YW characterizes the Reply of ADBF and JAIL as vitriolic and inappropriate, ironically YW does not dispute a single statement contained in the Reply. Also, it is Mr. Hammond's conduct that is inappropriate and not the accurate portrayal of that conduct in the Reply. To further corroborate the Verified Statement of Mr. Dobronski and demonstrate Mr. Hammond's corrupt motive in filing the YW comments, attached is the Affidavit of B. Allen Brown II. Mr. Brown is a former business associate of Mr. Hammond. Mr. Brown explains that on February 10, 2011, Mr. Hammond informed him that YW had filed comments with the Board as part of a plan to take over the JAIL rail line.

Rather than dwell on the Board's Canons of Ethics, YW would be better advised to consult other provisions of 18 U.S.C. § 1001(a), which makes submitting false or fraudulent statements to a Federal agency a criminal offense and 18 U.S.C. §§ 875-877, which make extortion a Federal crime.

Respectfully submitted,

A handwritten signature in black ink that reads "Karl Morell". The signature is written in a cursive, flowing style.

Karl Morell

cc: All parties of record.

AFFIDAVIT OF B. ALLEN BROWN II

State of Michigan)
) ss;
County of Wayne)

B. ALLEN BROWN II, being first duly sworn, does depose and state as follows:

1. I am President of Railmark Holdings, Inc.

2. Approximately two years ago, I was introduced to Court Hammond when I responded to a public listing showing that Yreka Western Railroad Company (YW) was for sale. The listing was being brokered through Ozark Mountain Railcar. Court Hammond is, and was, the President of YW.

3. At the time, I conducted some due diligence relative to the possible purchase of YW. Through my due diligence, I learned that YW was deeply in debt and in serious financial trouble. Court Hammond explained a very complicated debt structure to me relative to YW. During this due diligence period, at the request of Court Hammond, I loaned approximately \$13,000 to YW to stave off the foreclosure on some of their assets. To date, I have not been repaid by YW or Hammond.

4. I continued to have on-going discussions with Hammond regarding the acquisition of YW. The process was repeatedly delayed because requested financial documentation was often not available and an inability to obtain accurate information as to the true total liabilities of YW. At one point, I was contacted by an Internal Revenue Service Revenue Officer, David Barbearo, who informed me of substantial federal tax liens which existed against YW stemming from non-tender of employee tax withholdings (941 tax and CT-1 tax).

5. Because of the serious tax and liability issues surrounding YW, I informed Hammond that I would be unable to acquire YW until such time that the issues were resolved or a plan for their resolution was in place.

6. I continued to have business dealings with Hammond. In early 2009, YW had begun to become very involved in brokering car storage locations for General Electric Railcar Services (GERS). Hammond was requesting my assistance in identifying locations where railcars could be stored. I referred Hammond to Adrian & Blissfield Rail Road Company (ADBF) and to its President, Mark Dobronski. ADBF is also the parent company,



inter alia, of Charlotte Southern Railroad Company (CHS) and Jackson & Lansing Railroad Company (JAIL).

7. I am aware that in Summer 2010, Hammond came to Michigan to meet with Mark Dobronski of ADBF. I was not directly involved in any of the discussions or business dealings between Hammond and Dobronski.

8. In late November 2010, Hammond asked me, through my company, Rail Freight Solutions, Inc. ("RFS"), to supply agency services to YW regarding the GERS storage cars which were being located on the ADBF rail lines. In particular, RFS was to prepare waybills for cars, inventory cars inbound and outbound, and prepare monthly summaries.

9. I quickly found that what recordkeeping had been done by YW was disorganized and filled with inaccuracies. Dobronski had reported to me frustration with bad waybills containing inaccurate car numbers, and invalid routings, which had been supplied by YW; the failure of YW to provide any notification of inbound cars enroute; and, a very disorganized system of notifications from YW as to cars to move outbound. Dobronski emphasized the importance of ADBF being supplied with accurate and valid waybills before a car is released. YW had been supplying inaccurate and invalid waybills, which were causing problems with moving cars when delivered to interchange carriers. I began to put in place a simple, easy-to-follow, easy-to-manage system.

10. However, about the time that I was attempting to implement the new system, I learned that Hammond had reached an impasse in negotiations with ADBF. In fact, I was shocked to learn from Dobronski that Hammond had no contract in place with ADBF, yet at the same time Hammond was representing to GERS and me that he had a contract in place with ADBF. When I confronted Hammond with this information, Hammond represented to me that he had a "verbal contract" with ADBF. However, I also learned from Hammond that he was still negotiating prices with ADBF, which seemed to rebut that even a "verbal contract" existed.

11. In early January 2011, Hammond represented to me that he had a plan to take over the JAIL operations at Lansing, Michigan. At the time, I told Hammond that he needed to focus on getting his operations organized so that his car storage arrangement with ADBF/JAIL could work, and he could resolve his serious debt issues, as opposed to scheming how to get his hands on the JAIL line.

12. Relations between ADBF/JAIL and YW/Hammond continued to deteriorate. In January 2011, I was aware that Dobronski was asking for payment of YW's past due invoices. It appeared to me that, instead of paying the bills, Hammond was using the opportunity to try to pressure ADBF/JAIL into reducing their bills further, claiming that

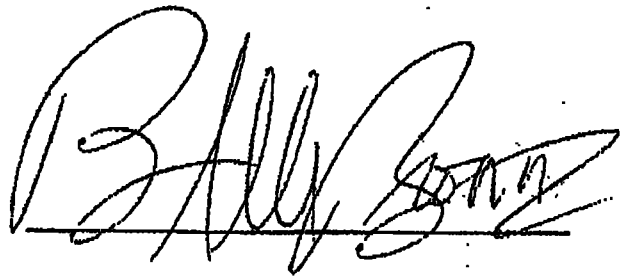


GERS would not pay Hammond until the bills were reduced. I was also aware that, in fact, GERS had already paid Hammond.

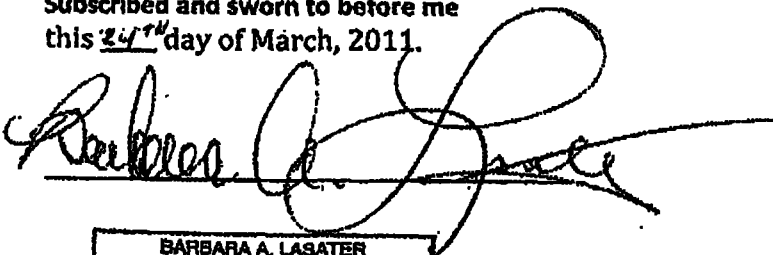
13. Hammond then asked me to intercede and use my professional relationship with Dobronski to attempt to persuade Dobronski to reduce the ADBF/JAIL invoices. I reviewed data supplied to me by Hammond and data supplied to me by Dobronski. I attempted to be fair and impartial in my assessment of the numbers supplied to me. I found that the numbers calculated by both were within a few thousand dollars of each other, however Hammond had incorporated numerous "offset" numbers which effectively reduced the amount by approximately 67 percent. When I discussed these offsets, I learned that these offsets had no legitimate basis and I told Hammond so.

14. On February 10, 2011, at the request of Hammond, I met with Dobronski and his wife for dinner to discuss resolving the issue of unpaid invoices. I persuaded Dobronski to agree to accept the number calculated (without offsets) by Hammond, and Dobronski agreed to my suggestion. Further, Dobronski agreed to have his in-house attorney prepare a simple settlement agreement which formalized that dollar amount. However, later that evening, after I informed Hammond that Dobronski had agreed to his "number" (without offsets), Hammond then disclosed to me that he had retained Fritz Kahn, a Washington, DC attorney, to represent YW before the Surface Transportation Board and that YW had a plan to wrestle the JAIL line in Lansing, Michigan from ADBF. That same evening, Dobronski telephoned me when he returned home to report that he had just learned that YW had filed comments before the Surface Transportation Board.

Further, deponent sayeth naught.



Subscribed and sworn to before me
this 24th day of March, 2011.



BARBARA A. LASATER
Notary Public, State of Michigan
County of Lenawee
My Commission Expires Dec. 21, 2013
Acting in the County of